SELECTED INSPECTION WORKLOAD EXPLANATIONS

3. Federal and Indian production cases rated High to FOGRMA criteria.

A case/operator is rated FOGRMA High if the case/operator meeting one of the following:

A. The average monthly oil production is 12,000 barrels (bbls) or more.

B. The average monthly gas production is 120,000 thousand cubic feet (MCF) or more.

C. Operator compliance is rated as High if the operator had a noncompliance history of two major violations, or a total of six FOGRMA-related violations within the preceding 24-month period.

4. High Priority environmental inspections.

High priority environmental inspections are determined if the case meets at least one of the following:

A. The operations on a case are located in or adjacent to an area of special environmental sensitivity*, such as:

   a. designated wilderness areas,
   b. National Park Service and National Landscape Conservation System units
   c. wilderness study areas,
   d. areas of critical environmental concern,
   e. sensitive watersheds,
   f. VRM Class I and II viewsheds,
   g. riparian areas,
   h. floodplains,
   i. wetlands,
   j. threatened and endangered species habitat,
   k. historic landmarks, etc.

   *The prioritization could include, but is not limited to these examples.

B. The operations occur in other areas which, if conducted in noncompliance with lease stipulations or COAs included in the operating plan, could have a significant adverse impact on the environment.

C. The case shows a history of surface and environmental noncompliance.

D. Six months after well completion or well abandonment to ensure earthwork for reclamation has been properly completed.

E. Abandoned wells where the operator has submitted a final abandonment notice (FAN).

    a. Final abandonment will be approved only after the surface reclamation standards, required in the Surface Use Plan of Operations or Subsequent Report of Plug and Abandon, have been met to the satisfaction of the BLM or the FS and Surface Managing Agency, if appropriate.
    b. The BLM will take into consideration the views of the split-estate surface owner when approving FANs. This consideration should be limited to what was required in the approved Surface Use Plan of Operations or Subsequent Report to Plug and Abandon.

The FS has the authority and responsibility under regulations based on the Federal Onshore Oil and Gas Leasing Reform Act of 1987 to ensure environmental inspections of FS surface. The FS will conduct environmental inspections (surface environmental concerns) on FS lands. Therefore, offices may rate these cases as low priority under the Environmental priority rating for our purposes. Refer to the BLM/FS Interagency Agreement or local BLM/FS MOUs for more specific guidance on roles and responsibilities.

The BIA must concur with BLM recommendations to release well sites from further reclamation responsibilities. Once the BLM has notified the BIA and recommended approval of the FAN, the environmental priority may be rated low.

Criteria A. and B. listed above are very broad in nature and could be misinterpreted to indicate all cases should be rated high. This is not the intent. Discretion should be used to determine the potential of noncompliance and impact, along with the specific site conditions, production handling scenarios, and the past compliance history of ongoing activities occurring on the lease before assigning the priority. For example, if mitigation has been successful for threatened and endangered (T&E) species or wetland conditions and the need to inspect the well on a high priority basis does not exist, then it should not be ranked as high priority.

When offices establish new FY ratings, they should not assume that since the case was rated high under environment the previous year, the same will hold true for the current year. Site conditions, operator compliance, or lease activities may have changed and therefore, warrant a different priority.

5. High Priority Production inspections on new producing oil and gas wells.

Production inspections (PI) must be performed on new cases with new wells as soon as possible after the well is completed. This applies only where the case/lease is new and there are new wells.

It is also required, however, to perform additional activities on any existing cases when new producing oil and/or gas wells come online for that case. For example, if a PI has been opened or completed for a case, and during the Fiscal Year (FY) new oil and/or gas wells are added to the case, you must re-open the PI and perform additional activities for the new wells, such as well status check (WS), or measurement activities, etc. Do not open a second production inspection; simply modify an existing inspection record. If a production inspection on the case is not required or planned for the FY, a Records Verification/Records Review RV/RR should be conducted for the new well(s) to verify production and ensure it is meeting the reporting requirements.

6. Cases that have had a change of Operator.

Inspections are required on cases for each new operator/case combination. The combination of the operator and case identifies the case as an inspection item. When a new operator acquires a case, the case becomes a new inspection item. If the operator is new to the area, or has demonstrated a problem with compliance on other cases, it is essential that an inspection be performed, regardless of whether an inspection was conducted on the former operator/case combination during the current FY.

For example, if an operator/case combination had a PI inspection performed during the FY, and a new operator takes over, the new operator/case combination should not be allowed to fall into the 3-year rotation. The new operator should be inspected immediately to determine if there are any existing problems that the former operator did not correct, to establish the compliance record for the new operator, to familiarize a new operator with the inspector(s), and to inform the new operator of any local requirements for that case.

This requirement is for cases if the operator is new to the area, has not operated under the Federal regulations before, or has demonstrated a problem with compliance. This does not apply to name changes of an operator. Do not use the compliance record from the previous operator when determining an overall priority for the new operator/case.

7. Inspections during any well production testing occurring during or after High Priority drilling operations but before the well is placed on a producing well status.

During or immediately after drilling operations, the well may be tested for production. During this time, production is occurring but is not currently being accounted for by BLM personnel. A substantial amount of production may occur, and it is essential that this be documented and accounted to completely account for all production from the well.

In accordance with the *Minerals Production Reporter Handbook (*MMS/MRM Release 1.0, dated 05/09/01), test production is required to be reported.

TABLE H-1. Well status/well type codes and descriptions

Well status	Offshore code	Onshore code/offshore abbreviation	Description	Comments
Actively Drilling **MMS no longer requires this type of well to be reported unless there is test production.**	01	DRG DRL*	Use this code when actual drilling operations are being conducted on the last day of the production month. Test production volumes can be reported with this code. The Days Produced field must contain the number zero unless there is test production. The producing interval code must be X01. Injection volumes used during the completion process of a well should not be reported.	*Offshore

Inspections of production tests will be required during or after drilling operations to verify test production and ensure proper reporting of these volumes to MMS. These inspections will be documented and filed in hardcopy and in the Automated Fluid Minerals Support System (AFMSS). The current drilling inspection form generated from AFMSS may be used for hardcopy documentation.

Coding of these inspections in AFMSS will be as follows: Use the inspection activity of Production Test (PT) which is associated with the Drilling (DW) inspection type. This allows the inspection to be conducted on a well-by-well basis and enable the retrieval of data associated with this activity. Do not open a new drilling well inspection (DW), instead add the PT activity to an existing inspection for the well. Only one DW inspection type per well should be recorded.

11. Interim Reclamation Inspections.

As result of an audit performed by the Office of the Inspector General, it is now required that BLM document the protection of the surface after drilling operations. After drilling operations have been completed, a majority of the pad location is normally reclaimed (reseeded, recontoured, and so on). It is important to document BLM inspection of the reclaimed area to ensure the environment is protected and the area is being properly revegetated.

AFMSS includes an inspection activity code Interim Reclamation (IR), to indicate that the interim reclamation area is being inspected and the area is in compliance with reclamation requirements outlined in the (i) approved APD Surface Use Plan of Operations, (ii) applicable APD Conditions of Approval, (iii) inspection items in the Production and Interim Reclamation inspection form, and (iv) Chapter 6 of The Gold Book: Surface Operating Standards and Guidelines for Oil and Gas Exploration and Development. This activity code is associated with the Environmental Surface (ES) inspection type. This activity should be performed by the Environmental Specialist and should be ongoing during the production phase of the well. The initial inspection must occur within six months after well completion (producing wells or dry holes) to ensure

earthwork for reclamation has been completed with a subsequent follow up inspection to ensure reclamation is successful (i.e., the desired vegetative community has been re-established), and every three years thereafter. Examples of coding these inspections: The environmental inspection type of ES is used with the activity of SP for the general surface review. The IR code will also be recorded to indicate interim reclamation of the location was inspected as well.